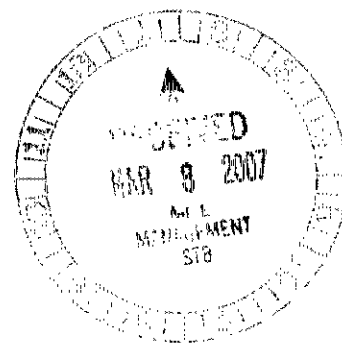


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ORIGINAL



**FEE RECEIVED**  
MAR 8 - 2007  
SURFACE  
TRANSPORTATION BOARD

LAW OFFICES  
**FRITZ R. KAHN, P.C.**  
EIGHTH FLOOR  
1920 N STREET, N.W.  
WASHINGTON, D.C. 20036-1801  
(202) 263-4152  
FAX (202) 331-8330  
e-mail: xicgc@worldnet.att.net

March 8, 2007

VIA HAND DELIVERY - RETURN COPY

Hon. Vernon A. Williams  
Secretary  
Surface Transportation Board  
395 E Street, SW  
Washington, DC 20423-0001

**FILED**  
MAR 8 - 2007  
SURFACE  
TRANSPORTATION BOARD

Dear Secretary Williams:

Enclosed for filing in STB Finance Docket No. MC-F-21020, FirstGroup plc-Acquisition-Laidlaw International, Inc., are the original and ten copies of the Verified Application of FirstGroup plc., together with a draft Federal Register notice.

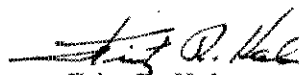
A check in the amount of \$1,700 in payment of the filing fee is attached.

Two diskettes with the text of the Application and of the draft Federal Register notice are enclosed.

Additional copies of this letter, the Application and the draft Federal Register notice are enclosed for you to stamp to acknowledge your receipt of them and to return to me via the messenger.

If you have any question concerning the foregoing which you believe I may be able to answer or if I otherwise can be of assistance, please let me know.

Sincerely yours,

  
Fritz R. Kahn

ENTERED  
Office of Proceedings

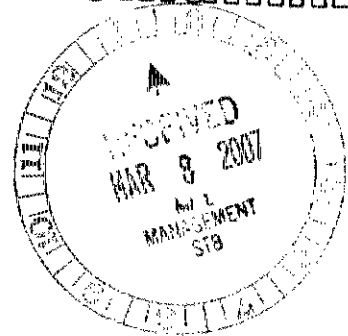
MAR - 9 2007

Part of  
Public Record

enc.

BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C.

218771  
**ORIGINAL**



STB Finance Docket No. MC-F-21020

FIRSTGROUP plc  
— ACQUISITION —  
LAIDLAW INTERNATIONAL, INC.

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Office of Proceedings

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Public Record

VERIFIED APPLICATION  
OF  
FIRSTGROUP plc

**FEE RECEIVED**

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SURFACE  
TRANSPORTATION BOARD

**FILED**

MAR 8 - 2007

SURFACE  
TRANSPORTATION BOARD

Fritz R. Kahn  
Fritz R. Kahn, P.C.  
1920 N Street, NW (8<sup>th</sup> fl.)  
Washington, DC 20036-1601  
Tel.: (202) 263-4152

Attorney for

FIRSTGROUP plc

Dated: March 8, 2007

BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C.

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STB Finance Docket No. MC-F-21020

FIRSTGROUP plc  
– ACQUISITION –  
LAIDLAW INTERNATIONAL, INC.

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VERIFIED APPLICATION  
OF  
FIRSTGROUP plc

Applicant, FirstGroup plc of Aberdeen, Scotland (“FirstGroup”), pursuant to 49 U.S.C. 14303 and 49 C.F.R. 1182.1, et seq., seeks authority to acquire Laidlaw International, Inc., of Naperville, Illinois (“Laidlaw”), and in support thereof FirstGroup states, as follows:

I.

INTRODUCTION

FirstGroup is a United Kingdom based international transportation group providing services in the United Kingdom and North America. FirstGroup is the United Kingdom’s largest bus operator running more than one in five of all local bus services. FirstGroup also is the United Kingdom’s largest passenger rail operator with four franchises – First Great Western, First Capital Connect, First TransPennine Express and First ScotRail. First Group operates nearly one quarter of the United Kingdom passenger rail network, with a balanced portfolio of intercity, commuter and regional services, carrying 250 million passengers a year. In North

America, FirstGroup has three operating divisions: First Student, which operates the familiar yellow buses for school districts, First Transit, which operates or manages local transit systems, and First Services, which provides fleet vehicle maintenance and support services for municipalities and certain branches of the United States' armed forces. FirstGroup's shares are traded on the London Stock Exchange.

Laidlaw is a holding company for one of North America's largest providers of school and intercity-bus transport services and a leading supplier of public transit services. The company, through its subsidiaries, operates under the brands Laidlaw Education Services, Laidlaw Transit Services, Greyhound Lines and Greyhound Lines Canada. Laidlaw's shares are traded on the New York Stock Exchange.

FirstGroup and Laidlaw have entered into an agreement and plan of merger dated February 8, 2007, the Acquisition Agreement, pursuant to which Fern Acquisition Vehicle Corporation (a newly incorporated Delaware corporation and a wholly-owned subsidiary of FirstGroup) would merge with and into Laidlaw, with Laidlaw surviving the merger as a wholly-owned subsidiary of FirstGroup. The transaction requires the approval of Laidlaw's and FirstGroup's stockholders, as well as the approval of United States and Canadian regulatory authorities. The approval of the Board is necessary before the proposed transaction can be consummated, because FirstGroup directly or indirectly controls one or more registered motor carriers of passengers and Laidlaw directly or indirectly controls one or more registered motor carriers of passengers. The gross operating revenues of the registered motor carriers of passengers of the two companies exceed \$2 million annually.

The proposed acquisition will result in improved service to the public, greater

opportunities for the companies' operating employees and significant savings in administrative and overhead costs, and, accordingly, should be found by the Board to be consistent with the public interest.

## II.

### DESCRIPTION OF THE PARTIES

First Group. FirstGroup is a public limited company organized under the laws of Scotland. Its principal executive offices are located at 395 King Street, Aberdeen AB24 5RP, Scotland, United Kingdom. The company was founded in 1995 under the name First Bus plc. The company was renamed in 1998.

FirstGroup came to North America in 1999 with its acquisition of Ryder Public Transportation Services, Inc.<sup>1</sup> First Group's North American operations currently are organized under First Student, Inc., First Transit, Inc., and First Services, Inc. Both First Student, Inc. and First Transit, Inc. are controlled by FirstGroup America, Inc., a wholly-owned subsidiary of FirstGroup USA, Inc. First Services, Inc. is wholly owned by FirstGroup USA, Inc. A corporate organization chart of FirstGroup is attached as Exhibit 1.

First Student, Inc. First Student, Inc. is headquartered at 705 Central Avenue (Suite 300), Cincinnati, OH 45202.

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<sup>1</sup> The transaction did not require Board approval, because at the time FirstGroup was not a registered motor carrier of passengers and did not control a registered motor carrier of passengers, and Ryder Public Transportation Services, Inc., was a single transportation system. See, Louisville and Jeffersonville Bridge and Railroad Co. Merger, 295 I.C.C. 11, 15-17 (1955), aff'd sub nom., Allegheny Corporation v. Breswick and Co., 353 U.S. 151 (1957); Southern Pacific Transportation Co.-Merger-Southern Pacific Co., 334 I.C.C. 866 (1969).

There are an estimated 500,000 school buses operating in the United States and Canada, serving approximately 17,000 school districts and transporting fifty-five percent of all kindergarten through twelfth grade students to and from school. School districts that use private school bus transportation typically chose one carrier over another through a competitive bidding process.

First Student, Inc. operates more than 22,000 buses in the United States and Canada.

First Student is registered as a common carrier of passengers rendering special and charter operations pursuant to authority received in Docket No. MC-191534, USDOT No. 354406. It has a satisfactory safety rating.

First Transit, Inc. First Transit, Inc. is headquartered at 705 Central Avenue (Suite 300), Cincinnati, OH 45202.

The public transit business includes fixed-route transit operations and on-demand paratransit services. The total municipal bus fleet in the United States is estimated to be over 118,000 buses, of which about sixty-nine percent are engaged in fixed-route transit operations and about thirty-one percent are paratransit vehicles. Approximately eighty-five percent of the fixed-route transit services are self-operated by municipal transit authorities, and the remainder is out-sourced to private sector providers.

First Transit, Inc. is a leading passenger transportation contract and management company, providing operation, management and consulting services to transit authorities, departments of transportation, Federal agencies, municipal organizations and private companies for nearly 150 systems in 45 states, Canada and Puerto Rico. Its 6,500 employees operate and maintain over 5,300 vehicles, which provide over 200 million passenger trips per year.

First Transit, Inc. is registered as a motor common carrier of passengers rendering special and charter operations pursuant to authority received in Docket No. MC-576222, USDOT No. 1002211. It is unrated.<sup>2</sup>

First Services, Inc. First Services, Inc. is headquartered at 705 Central Avenue (Suite 300), Cincinnati, OH 45202.

First Services, Inc. is a leading provider of vehicle maintenance and support services in the United States. It provides fleet maintenance for private and public sector customers, such as the Federal Government, cities and fire and police departments. It also provides a range of services including vehicle maintenance, logistics support and facilities management to public sector clients, including the U.S. Navy and U.S. Air Force.

First Services, Inc. is not a registered motor carrier of passengers.

Laidlaw. Laidlaw is a Delaware corporation with its principal office at 55 Shuman Boulevard (Suite 400), Naperville, IL 60563. The company, reorganized in 2003, is the successor in interest to Laidlaw Investments Ltd., which was incorporated under the laws of Ontario, Canada, in 1985. The original Laidlaw business came into being in 1924 when Robert

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<sup>2</sup> In 2006 First Transit, Inc., purchased Cognisa Transportation, Inc., a transit service provider registered as a motor carrier rendering special and charter operations pursuant to authority granted in Docket No. MC-548215, USDOT No. 1351755. It is unrated. At the time FirstGroup had not retained counsel familiar with the Board's jurisdiction to pass on acquisitions and mergers of motor carriers of passengers and was unaware that the acquisition required the advance approval of the Board. It sincerely regrets its failure to file an Application at the time. FirstGroup respectfully requests that as part of this proposed transaction the Board approve the acquisition by First Transit, Inc., of Cognisa Transportation, Inc. Cognisa Transportation, Inc., has been merged into First Transit, Inc., and no longer exists as a separate company.

Laidlaw set up a trucking service in Ontario, Canada. Laidlaw is a non-carrier holding company, with its operations conducted by subsidiaries.

Laidlaw Transit, Inc., d/b/a Laidlaw Education Services. Laidlaw Education Services is headquartered at 55 Shuman Boulevard (Suite 400), Naperville, IL 60563.

Laidlaw Education Services is a provider of school bus transportation throughout the United States and Canada, including scheduled home-to-school, extra-curricular and charter service. Laidlaw Education Services also operates a small number of transit and paratransit contracts. Laidlaw Education Services has more than 1,000 contracts with school boards and districts in 37 states in the United States and 6 provinces in Canada. The company operates a fleet of approximately 40,000 buses, of which approximately 39,000 buses are owned by Laidlaw Education Services, while the balance are owned by the customers. Laidlaw Education Services has approximately 44,900 employees, most of whom are engaged as drivers, mechanics and bus monitors. About forty-one percent of the employees of Laidlaw Education Services are represented by more than 180 collective bargaining agreements.

*Laidlaw Education Services is a registered motor carrier of passengers rendering special and charter operations pursuant to authority granted in Docket No. MC-161299, USDOT No. 711716. It currently is unrated but will have a conditional safety rating, effective as of April 2007.*

Laidlaw Transit Services, Inc. Laidlaw Transit Services, Inc. is headquartered at 5360 College Boulevard, Overland Park, KS 66211, with some executive functions located at 55 Shuman Boulevard (Suite 400), Naperville, IL 60563.

Laidlaw Transit Services, Inc. is a leading provider of municipal transportation services in



North America, specializing in fixed-route transit services and paratransit transportation. The business is procured primarily through contracts with regional and municipal transit authorities. Laidlaw Transit Services, Inc. has nearly 130 municipal transit and paratransit contracts, utilizing a fleet of approximately 3,400 vehicles, about a third of which are owned by Laidlaw Transit Services, Inc. and the remainder of which are owned by the transit authorities and operated by Laidlaw Transit Services, Inc.

Laidlaw Transit Services, Inc. is a registered motor carrier of passengers rendering special and charter operations, having obtained its authority in Docket No. MC-163344, USDOT No. 847250. Laidlaw Transit Services is unrated.

Greyhound Lines, Inc., Greyhound Canada Transportation Corp. and subsidiaries (collectively "Greyhound").

Greyhound Lines, Inc. is headquartered at 15110 North Dallas Parkway, Dallas, TX 75248. Greyhound Canada Transportation Corp. is headquartered at 877 Greyhound Way SW, Calgary, Alberta, Canada T3C 3V8.

Greyhound Lines, Inc. and Greyhound Canada Transportation Corp. are registered motor carriers rendering scheduled intercity, special and charter bus transportation. The former was certificated in Docket No. MC-1515, USDOT No. 44110, and the latter was certificated in Docket No. MC-304126, USDOT No. 14166. Both have satisfactory safety ratings.

Greyhound has eight affiliates in the United States rendering scheduled intercity, special and charter bus transportation: Americanos U.S.A., L.L.C., serving Texas and the Southwest pursuant to authority received in Docket No. MC-309813, USDOT No. 781086; Carolina Coach Company, serving primarily the Carolinas pursuant to authority received in Docket No. MC-

13300, USDOT No. 90775; Crucero U.S.A., L.L.C., serving Arizona and California pursuant to authority received in Docket No. MC-438895, USDOT No. 1053370; Hotard Coaches, Inc. and its sister company, Mississippi Coast Limousine, Inc., d./b/a Coastliner, providing special and charter bus transportation primarily in Louisiana and Mississippi pursuant to authority received in Docket No. MC-143881, USDOT No. 156451 (Hotard) and Docket No. MC-133182, USDOT No. 87845 (Coastliner); Texas, New Mexico and Oklahoma Coaches, Inc., serving the Southwest pursuant to authority received in Docket No. MC-61120, USDOT 149331; Valley Transit Company, serving Texas along the Mexican border pursuant to authority received in Docket No. MC-74, USDOT No. 136567; and Vermont Transit Co., Inc., serving New England pursuant to authority received in Docket No. MC-45626, USDOT No. 86293. The eight companies have satisfactory safety ratings, except Crucero U.S.A., L.L.C., which is unrated.

Greyhound is the only national provider of scheduled intercity bus transportation services in the United States and Canada. It serves approximately 2,400 locations, of which approximately 100 are company-operated bus terminals, approximately 1,500 are agency-operated terminals and sales agencies and the remainder are flag stops. Greyhound provides approximately 12,700 departures daily and carries approximately 24 million passengers annually with a fleet of nearly 2,500 buses. The intercity transportation industry is highly competitive. Greyhound's primary source of competition for passengers are automobile travel, low-cost air travel from both regional and national airlines and, in some markets, regional bus companies and trains. Within the United States, Greyhound faces competition from regional bus companies and small local bus companies. In the Northeast, low-cost Asian carriers, generally operating from curbside operations in major cities such as Boston, New York, Philadelphia and Washington,

DC, offer extremely low fares and high frequencies between cities.

Greyhound employs approximately 11,400 workers, consisting of approximately 4,400 drivers, 4,100 terminal employees and information agents, 900 mechanics and 2,000 management and administrative staff. About half of Greyhound's employees are represented by collective bargaining agreements. Greyhound has agreements with a number of unions; however, the largest agreement is with the Amalgamated Transit Union, Local 1700. The agreement was due to expire on January 31, 2007, but has been extended by agreement of the parties to April 15, 2007, to enable the members of the local to vote on whether to accept Greyhound's contract proposal.

In addition to the scheduled intercity bus transportation, Greyhound provides package express services, special and charter operations and food services.

A corporate organization chart of Laidlaw, including Greyhound, is attached as Exhibit 2. A list of the Laidlaw and Greyhound affiliated registered motor carriers of passengers is attached as Exhibit 3.

### III.

#### DESCRIPTION OF THE PROPOSED TRANSACTION

Under the terms of the Acquisition Agreement, FirstGroup has agreed to acquire Laidlaw by way of a merger of Fern Acquisition Vehicle Corporation (a newly incorporated Delaware corporation and a wholly-owned subsidiary of FirstGroup) with and into Laidlaw (as a result of which each issued and outstanding share of common stock of Laidlaw will be converted into a right to receive \$35.25 in cash). On completion of the Acquisition, Laidlaw will become a wholly-owned subsidiary of FirstGroup and, as in the past, will continue to conduct operations

through its subsidiaries, including Laidlaw Transit, Inc., d/b/a Laidlaw Education Services, Laidlaw Transit Services, Inc., Greyhound Lines, Inc., and Greyhound Canada Transportation Corp.

A corporate organization chart of the North American operations of FirstGroup as it is expected to appear following the completion of the acquisition of Laidlaw is attached as Exhibit 4. A list of FirstGroup's affiliated registered motor carriers of passengers following the acquisition of Laidlaw is attached as Exhibit 5.

#### IV

#### PUBLIC INTEREST FACTORS

The acquisition of Laidlaw by FirstGroup fully satisfies the standards of 49 U.S.C. 14303 which the Board must consider in determining whether the proposed transaction is consistent with the public interest.

##### The effect of the proposed transaction on the adequacy of transportation to the public.

The proposed acquisition of Laidlaw by FirstGroup will attain substantial operational and efficiency advantages, accruing to the benefit of significant segments of the traveling public. First Student, Inc. and Laidlaw Transit, Inc., d/b/a Laidlaw Education Services, on the one hand, and First Transit, Inc. and Laidlaw Transit Services, Inc., on the other hand, are both natural fits. After the Acquisition is completed, FirstGroup believes the enlarged business will be able to provide the public and contracting authorities with a greater variety of transportation service options than either FirstGroup or Laidlaw heretofore has been able to provide. Following the Acquisition, overlapping operations by First Group and Laidlaw will be reviewed and equipment stock, such as spare parts, will be assessed. While FirstGroup will attempt to provide services

more efficiently, there will be no reduction of services to contracting authorities or the public arising from the Acquisition. In addition, after the Acquisition is completed, FirstGroup and Laidlaw should be able to achieve volume discounts on the purchase of equipment and fuel, negotiate lower insurance premiums and eliminate certain administrative and overhead costs. The savings that the acquisition will achieve will permit the operating companies to be more competitive in bidding for contracts for services which would otherwise be performed by school districts and municipal transit systems. As a result of lower costs and such increased competitiveness, FirstGroup will be able to provide improved and safer transportation services to students, to commuters and other fixed-route transit riders and to the mobility-challenged.

Greyhound Lines, Inc. already has undergone a significant restructuring in the United States that has enabled it to continue providing bus service at fares which are competitively attractive compared to competing methods of transportation. Greyhound Canada Transportation Corp. has been restructuring its operations as well in an effort to achieve benefits comparable to those which have been obtained in the United States.

FirstGroup believes that, with Greyhound having stabilized its financial performance over the last few years, the next stage of Greyhound's development is to grow its business by identifying passenger segments with scope for development and by providing enhanced services and marketing that appeal to these markets. FirstGroup is a major intercity rail operator in the United Kingdom and Ireland. It also operates intercity buses under contract to the leading national provider and plans to offer suggestions to Greyhound's management on means of improving revenue growth, including from longer term bookings and yield management based on similar policies applied in its bus and rail operations in the United Kingdom. Such revenue

enhancement will inure to the benefit of Greyhound's passengers through improved service at attractive fares.

In addition, FirstGroup has identified opportunities to enhance Greyhound's offering to the traveling public through a combination of:

- continuing to develop Greyhound's "Elevate Everything" program of enhanced customer service, cleanliness and reliability;
- lower fares for advance purchase ticket sales;
- improved service levels in regional markets by running faster, more frequent services where demand exists;
- improved cross-border links;
- filling gaps in Greyhound's network by continuing Greyhound's policy of working with sub-regional operators to enhance Greyhound's national network connectivity by through ticketing and scheduling; and
- improved marketing aimed at certain specialist markets, including Hispanic riders, senior riders, travelers to major airports, and student riders.

After the completion of the Acquisition, FirstGroup will work with Greyhound's existing management to implement the plans discussed above.

The total fixed charges that result from the proposed transaction. The cash consideration payable by FirstGroup in connection with its acquisition of Laidlaw (including the repayment of Laidlaw's existing debt and the cash-out of Laidlaw's option holders) will be approximately \$3.6 billion. This amount will be financed through both debt (new committed bank debt facilities in an aggregate amount of \$3.75 billion) and equity (equity issues of approximately £375 million).

The equity issues include a placing of new ordinary shares on February 9, 2007, that was oversubscribed and raised approximately £217 million as well as a subsequent issue of approximately £160 million that is expected to take place shortly after the completion of the Acquisition. Both of the equity issues are supported by an equity bridge facility. FirstGroup believes the increased total fixed charges are well within its means to pay. That its confidence is shared by the investing public is confirmed by the fact that on the day the proposed transaction was announced, First Group's shares jumped 4.8 percent to \$11.45 on the London Stock exchange, and its investment grade bonds in the meantime have traded around their pre-announcement price. In addition, FirstGroup's credit rating has not been lowered by any of the rating agencies, and FirstGroup intends its debt to remain at investment grade.

The interest of carrier employees affected by the proposed transaction. Board approval of the proposed transaction will not adversely impact the interests of carrier employees. To the contrary, the proposed transaction will benefit the employees of First Student, Inc., First Transit, Inc., and Laidlaw Transit, Inc., and Laidlaw Transit Services, Inc., since, following the completion of the Acquisition, each of the companies will be more competitive, allowing them to compete for additional school bus, fixed-route transit bus and mobility-challenged vehicle contracts. FirstGroup expects that all drivers, terminal personnel and mechanics currently working for Greyhound Lines, Inc. and Greyhound Canada Transportation Corp. will continue in their present positions, and no layoffs are contemplated as a consequence of the proposed transaction. In addition, Mr. Stephen Gorman, President and CEO of Greyhound Lines, Inc. and his management team are expected to remain at Greyhound Lines, Inc. following the completion of the Acquisition, which will help Greyhound to maintain its reputation for quality service at

modest prices. To the extent that any of the combined company's operating personnel may be adversely affected, such employees will be accommodated in accordance with the existing collective bargaining agreements, which will be honored by FirstGroup. In fact, the Acquisition Agreement requires FirstGroup to comply with all of Laidlaw's obligations under its existing collective bargaining agreements. In addition, since FirstGroup runs a very similar business in the United Kingdom which is also highly unionized, it has experience working harmoniously with labor unions. Thus, the acquisition of Laidlaw by FirstGroup will enhance the interests of the respective carriers' employees.

## V.

### SAFETY FITNESS CERTIFICATION

*First Student, Inc. and First Transit, Inc. have satisfactory safety ratings, as do Greyhound Lines, Inc. and Greyhound Canada Transportation Corp. Laidlaw Transit Services, Inc. is unrated, and Laidlaw Transit, Inc.'s rating will be conditional, effective April 2007. The safety ratings of the remainder of Laidlaw's affiliated registered motor carriers of passengers are shown on Exhibit 3.*

## VI.

### INSURANCE COVERAGE CERTIFICATION

Each of FirstGroup and Laidlaw's affiliated registered motor carriers of passengers has the required amount of bodily injury and property damage insurance in compliance with 49 U.S.C. 13906.



VII.

CERTIFICATION OF DOMICILE

Neither FirstGroup nor Laidlaw or any of their affiliated registered motor carriers of passengers is domiciled in Mexico or owned or controlled by persons of that country.

VIII.

ENVIRONMENTAL CERTIFICATION

The proposed transaction will not significantly affect the quality of the human environment and the conservation of energy resources, and no environmental documentation is required, pursuant to 49 C.F.R. 1105.6(c)(2).

IX.

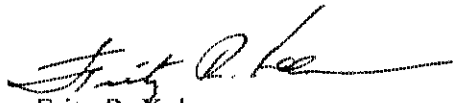
CONCLUSION

FirstGroup's acquisition of Laidlaw is consistent with the public interest and will have no adverse effects on the adequacy of transportation service, FirstGroup's fixed charges or the interests of the employees of their registered motor carriers of passengers. Indeed, the proposed transaction will benefit substantial segments of the traveling public and the drivers, mechanics and other personnel operating their buses and other vehicles through the synergies, savings and efficiencies which will result from the combination of the two companies. The Board, accordingly, should approve the Application.

Respectfully submitted,

FIRSTGROUP plc

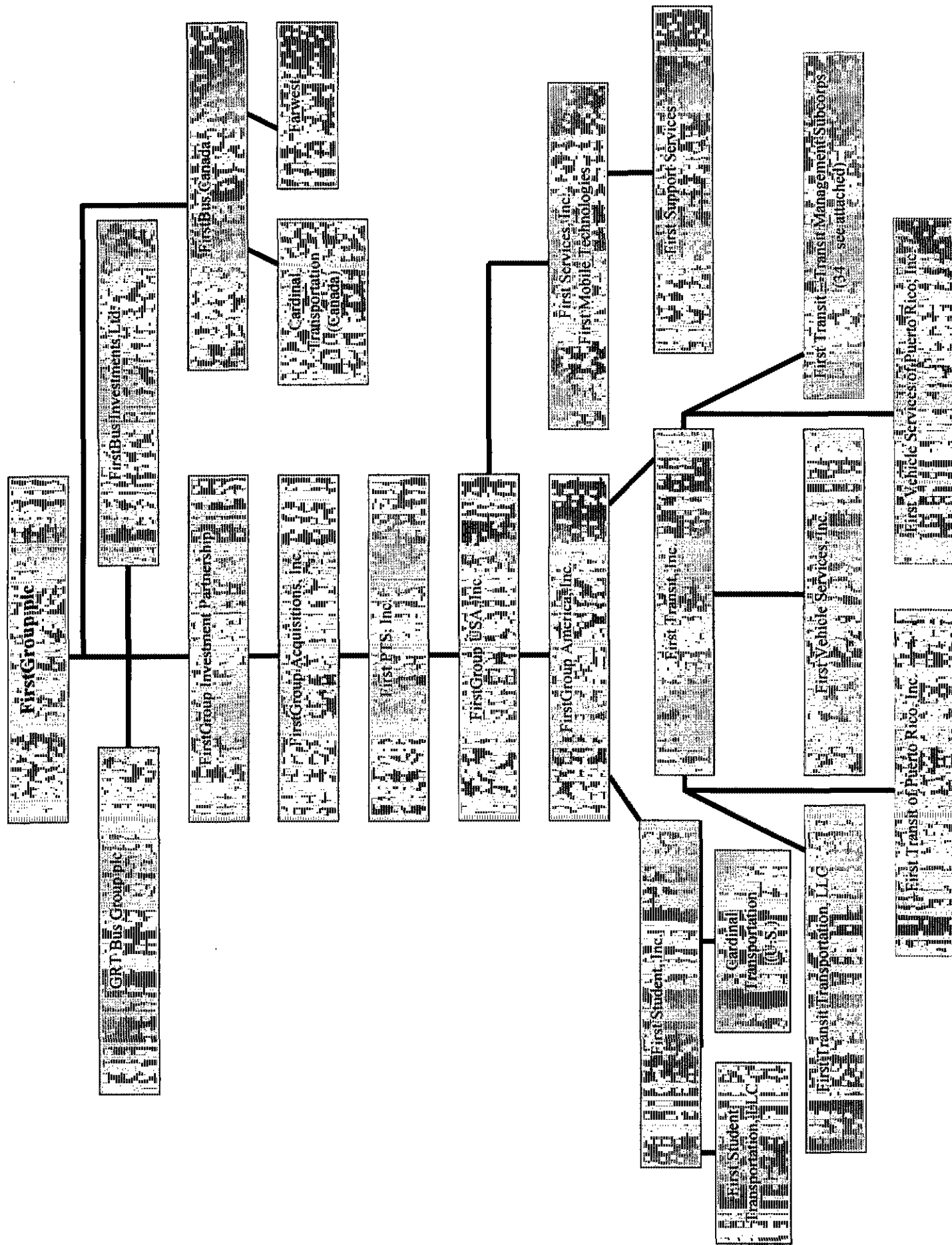
By its attorney,

A handwritten signature in black ink, appearing to read "Fritz R. Kahn", with a long horizontal flourish extending to the right.

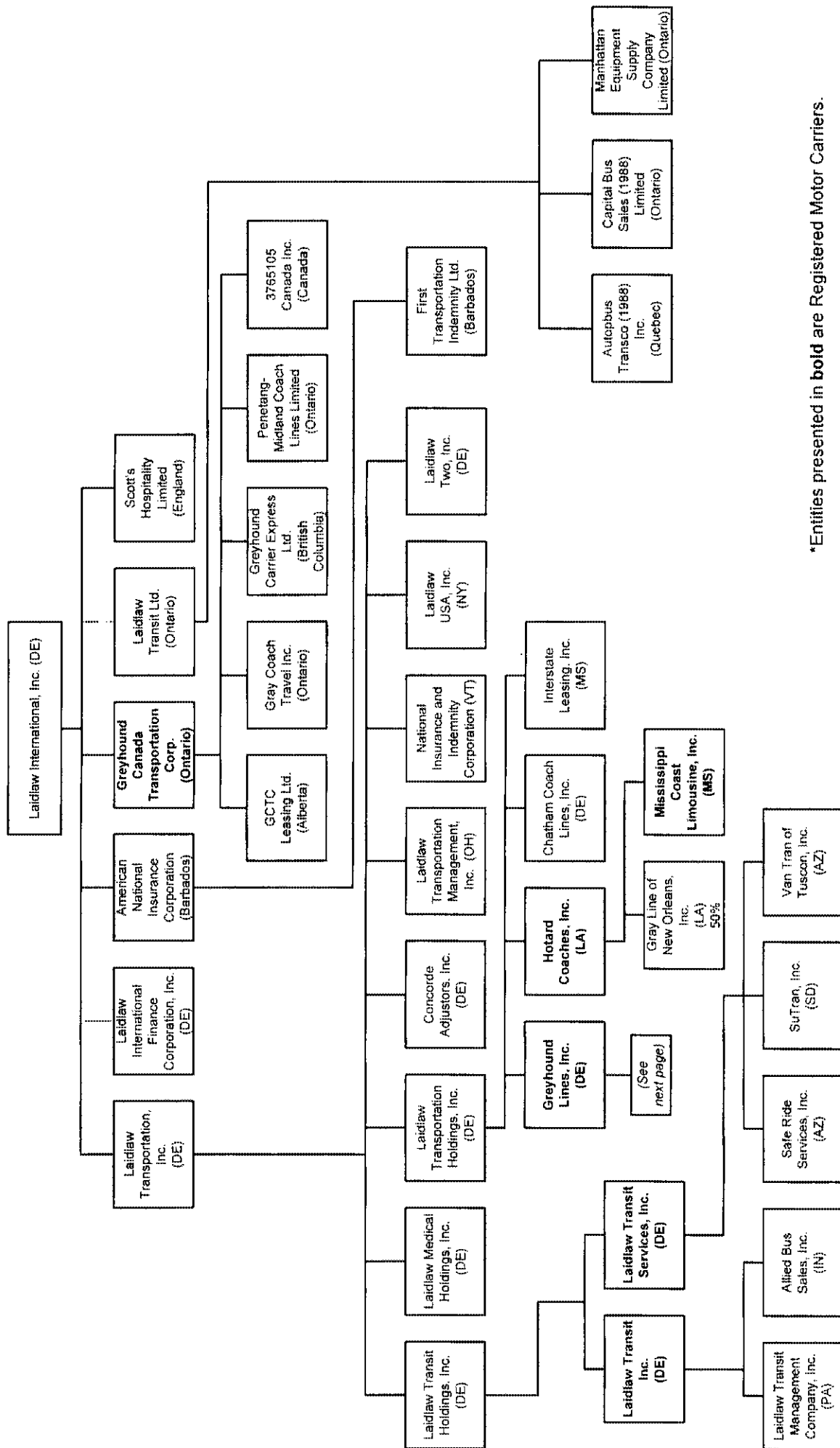
Fritz R. Kahn  
Fritz R. Kahn, P.C.  
1920 N Street, NW (8<sup>th</sup> fl.)  
Washington, DC 20036-1601  
Tel.: (202) 263-4152

Dated: March 8, 2007

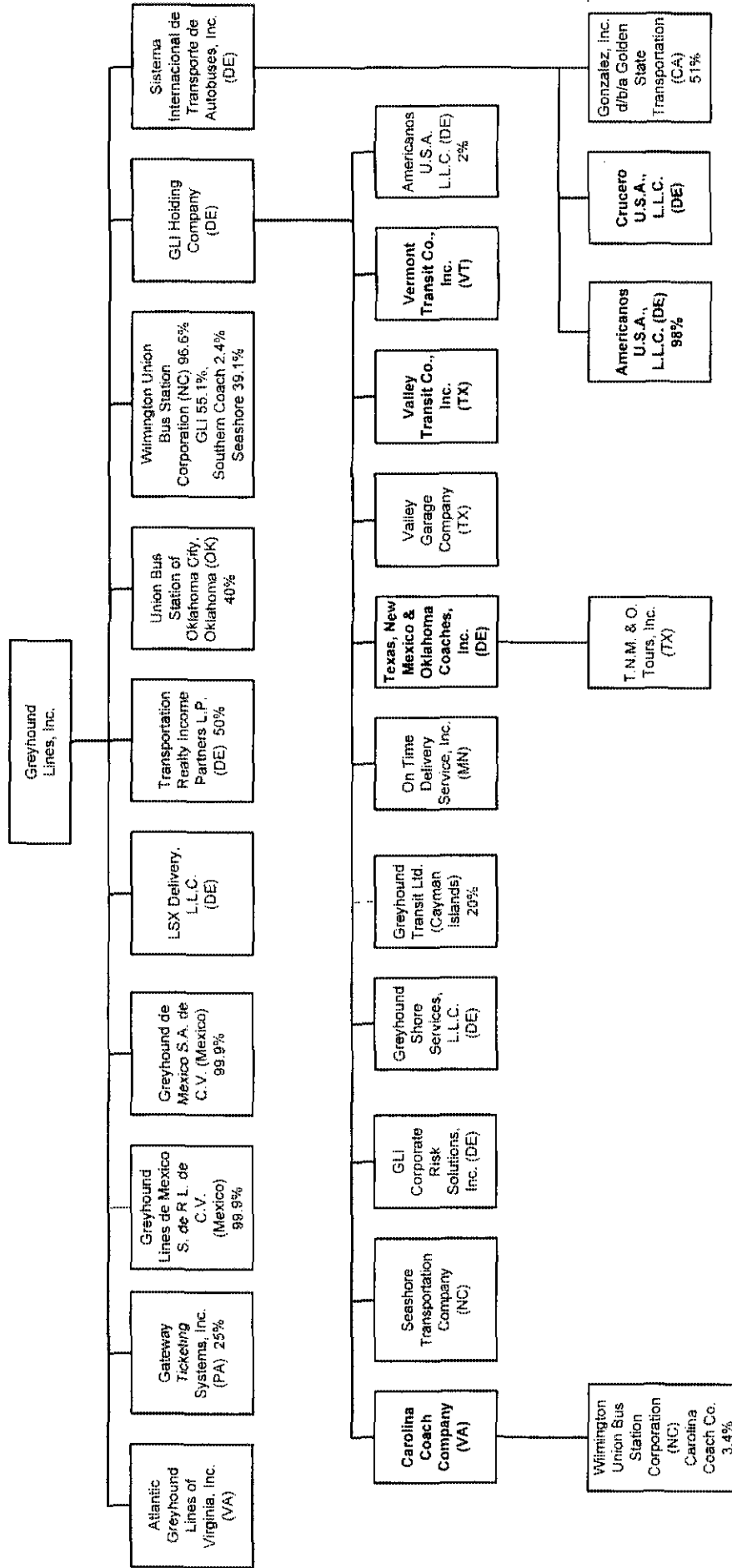
**Exhibit 1**



**Exhibit 2**



\*Entities presented in **bold** are Registered Motor Carriers.



\*Entities presented in **bold** are Registered Motor Carriers.

**Exhibit 3**



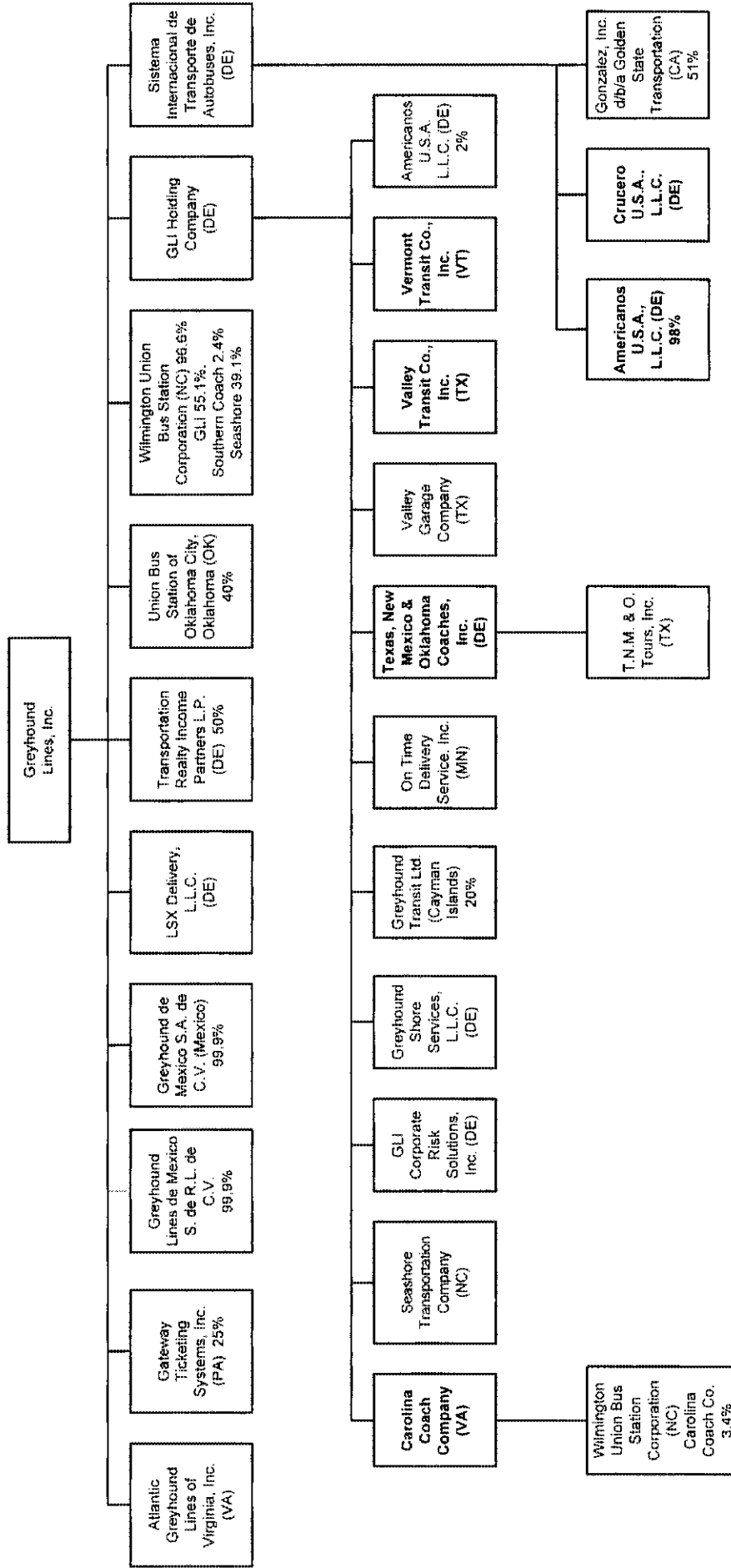
**LAIDLAW INTERNATIONAL, INC.**

**FMCSA REGISTERED MOTOR CARRIER AFFILIATES**

<b><u>Carrier</u></b>	<b><u>MC Number</u></b>	<b><u>DOT Number</u></b>	<b><u>Safety Rating</u></b>
Americanos U.S.A., L.L.C.	309813	781086	Satisfactory
Carolina Coach Company	13300	90775	Satisfactory
Coastliner, d/b/a Mississippi Coast Limousine, Inc.	133182	87845	Satisfactory
Crucero U.S.A., L.L.C.	438895	1053370	Unrated
Greyhound Canada Transportation Corp.	304126	14166	Satisfactory
Greyhound Lines, Inc.	1515	44110	Satisfactory
Hotard Coaches, Inc.	143881	156451	Satisfactory
Laidlaw Transit, Inc., d/b/a Laidlaw Educational Services	161299	711716	Unrated\
Laidlaw Transit Services, Inc.	163344	847250	Unrated
Texas, New Mexico & Oklahoma Coaches, Inc.	61120	149331	Satisfactory
Valley Transit Company, Inc.	74	136567	Satisfactory
Vermont Transit Co., Inc.	45626	86293	Satisfactory

**Exhibit 4**





\*Entities presented in **bold** are Registered Motor Carriers.

**Exhibit 5**

**FIRSTGROUP plc**

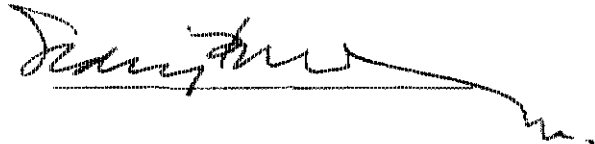
**FMCSA REGISTERED MOTOR CARRIER AFFILIATES**

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Crucero U.S.A., L.L.C.	438895	1053370	Unrated
First Student, Inc.	191534	354406	Satisfactory
First Transit, Inc.	576222	1002211	Unrated
Greyhound Canada Transportation Corp.	304126	14166	Satisfactory
Greyhound Lines, Inc.	1515	44110	Satisfactory
Hotard Coaches, Inc.	143881	156451	Satisfactory
Laidlaw Transit, Inc., d/b/a Laidlaw Educational Services	161299	711716	Unrated\
Laidlaw Transit Services, Inc.	163344	847250	Unrated
Texas, New Mexico & Oklahoma Coaches, Inc.	61120	149331	Satisfactory
Valley Transit Company, Inc.	74	136567	Satisfactory
Vermont Transit Co., Inc.	45626	86293	Satisfactory

VERIFICATION

I, SIDNEY BARRIE, the SECRETARY of FirstGroup plc, declare under penalty of perjury, under the laws of the United States of America, that I have read the foregoing Verified Application and that its assertions are true and correct to the best of my knowledge, information and belief. I further declare that I am qualified and authorized to submit this verification on behalf of FirstGroup plc. I know that willful misstatements or omissions of material facts constitute Federal criminal violations punishable under 18 U.S.C. 1001 by imprisonment up to five years and fines up to \$10,000 for each offense. Additionally, these misstatements are punishable as perjury under 18 U.S.C. 1621, which provides for fines up to \$2,000 or imprisonment up to five years for each offense.

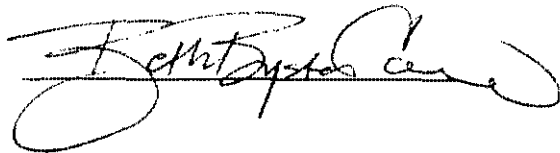
Dated at ABERDEEN this 8th day of MARCH 2007



VERIFICATION

I, Beth Byster Corvino, the EVP, General Counsel of Laidlaw International, Inc., declare under penalty of perjury, under the laws of the United States of America, that I have read the foregoing Verified Application and that its assertions are true and correct to the best of my knowledge, information and belief. I further declare that I am qualified and authorized to submit this verification on behalf of Laidlaw International, Inc. I know that willful misstatements or omissions of material facts constitute Federal criminal violations punishable under 18 U.S.C. 1001 by imprisonment up to five years and fines up to \$10,000 for each offense. Additionally, these misstatements are punishable as perjury under 18 U.S.C. 1621, which provides for fines up to \$2,000 or imprisonment up to five years for each offense.

Dated at 8:00 a.m. this 24 day of March 2007.

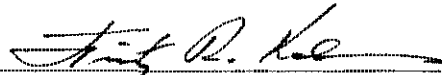




### CERTIFICATE OF SERVICE

I certify that copies of the foregoing Verified Application have been mailed, with first-class postage prepaid, to the appropriate regulatory body in each of the 48 continental United States, to the Director of Operations, Antitrust Division, U. S. Department of Justice, 601 D Street, NW (Room 1013), Washington, DC 20530, Premerger Notification Office, Bureau of Competition, Federal Trade Commission, 600 Pennsylvania Avenue, NW (Room 303), Washington, DC 20580 and to the Chief, Licensing and Insurance Division, Federal Motor Carrier Safety Administration, U.S. Department of Transportation, 400 7<sup>th</sup> Street, S.W. (Room 8208), Washington, DC 20590.

Dated at Washington, DC, this 8<sup>th</sup> day of March 2007.



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Fritz R. Kahn

# **DRAFT FEDERAL REGISTER NOTICE**

## **SURFACE TRANSPORTATION BOARD**

**STB Finance Docket No. MC-F-21020**

**FIRSTGROUP plc  
– ACQUISITION –  
LAIDLAW INTERNATIONAL, INC.**

**AGENCY:** Surface Transportation Board

**ACTION:** Notice of Tentative Approval of Finance Application

**SUMMARY:** FirstGroup plc, a non-carrier, in control of one or more motor carriers of passengers, filed an application in STB Finance Docket No. MC-F-21020, pursuant to 49 U.S.C. 14303, for authority to acquire Laidlaw International, Inc., a non-carrier, in control of one or more motor carriers of passengers. The Board tentatively has approved the proposed transaction, and, if no opposing comments are timely filed, this notice will be the final Board action.

**DATES:** Comments are due by \_\_\_\_\_, 2007. Applicant may file a reply by \_\_\_\_\_, 2007. If no comments are filed by \_\_\_\_\_, 2007, this notice will be effective on that date.

**ADDRESS:** Send an original and ten copies of comments referring to STB Docket No. MC-F-21020 to: Secretary, Case Control Branch, Surface Transportation Board, 395 E Street, SW, Washington, DC 20423-0001. In addition, send one copy of comments to Applicant's representative: Fritz R. Kahn, Fritz R. Kahn, P.C., 1920 N Street, NW (8<sup>th</sup> fl.), Washington, DC 20036.

**FOR FURTHER INFORMATION CONTACT:** \_\_\_\_\_ (202) \_\_\_\_\_.  
[TDD for the hearing impaired: (202) \_\_\_\_\_.]

**SUPPLEMENTARY INFORMATION:** FirstGroup is a public limited company organized under the laws of Scotland. Its principal executive offices are located at 395 King Street, Aberdeen AB24 5RP, Scotland, United Kingdom. FirstGroup is the United Kingdom's largest bus operator running more than one in five of all local bus services. FirstGroup also is the United Kingdom's largest passenger rail operator, with a balanced portfolio of intercity, commuter and regional services, carrying 250 million passengers a year. FirstGroup's North American operations, First Student, Inc. and First Transit, Inc., are controlled by FirstGroup America, a subsidiary of FirstGroup USA, Inc. First Services, Inc. is wholly owned by FirstGroup USA, Inc.

First Student, Inc. First Student, Inc. is headquartered at 705 Central Avenue (Suite 300), Cincinnati, OH 45202. It operates more than 22,000 of the familiar yellow buses for school districts in the United States and Canada. First Student is registered as a common carrier of passengers rendering special and charter operations.

First Transit, Inc. First Transit, Inc. is headquartered at 705 Central Avenue (Suite 300), Cincinnati, OH 45202. It is a leading passenger transportation contract and management company, providing operation, management and consulting services to transit authorities, departments of transportation, Federal agencies, municipal organizations and private companies for nearly 150 systems in 45 states, Canada and Puerto Rico. Its 6,500 employees operate and maintain over 5,300 vehicles, which provide over 200 million passenger trips per year. First Transit, Inc. is registered as a motor common carrier of passengers rendering special and charter operations.

First Services, Inc. First Services, Inc. is headquartered at 705 Central Avenue (Suite 300), Cincinnati, OH 45202. It is a leading provider of vehicle maintenance and support services in the United States. It provides fleet maintenance for private and public sector customers, such as the Federal Government, cities and fire and police departments. It also provides a range of services including vehicle maintenance, logistics support and facilities management to public sector clients, including the U.S. Navy and U.S. Air Force. First Services, Inc. is not a registered motor carrier of passengers.

Laidlaw. Laidlaw is a Delaware corporation with its principal office at 55 Shuman Boulevard (Suite 400), Naperville, IL 60563. Laidlaw is a non-carrier holding company, with its operations conducted by subsidiaries.

Laidlaw Transit, Inc., d/b/a Laidlaw Education Services. Laidlaw Education Services is headquartered at 55 Shuman Boulevard (Suite 400), Naperville, IL 60563. It is a provider of school bus transportation throughout the United States and Canada, including scheduled home-to-school, extra-curricular and charter service. Laidlaw Education Services has more than 1,000 contracts with school boards and districts in 37 states in the United States and 6 provinces in Canada. The company operates a fleet of approximately 40,000 buses, of which approximately 39,000 buses are owned by Laidlaw Education Services while the balance are owned by the customers. Laidlaw Education Services has approximately 44,900 employees, most of whom are engaged as drivers, mechanics and bus monitors. About forty-one percent of the employees of Laidlaw Education Services are represented by more than 180 collective bargaining agreements. Laidlaw Education Services is a registered motor carrier of passengers rendering special and charter operations.

Laidlaw Transit Services, Inc. Laidlaw Transit Services, Inc. is headquartered at 5360 College Boulevard, Overland Park, KS 66211, with some executive functions located at 55 Shuman Boulevard (Suite 400), Naperville, IL 60563. It is a leading provider of municipal

transportation services in North America, specializing in fixed-route transit services and paratransit transportation. The business is procured primarily through contracts with regional and municipal transit authorities. Laidlaw Transit Services, Inc. has nearly 130 municipal transit and paratransit contracts, utilizing a fleet of approximately 3,400 vehicles, about a third of which are owned by Laidlaw Transit Services, Inc., and the remainder of which are owned by the transit authorities and operated by Laidlaw Transit Services, Inc. Laidlaw Transit Services, Inc. is a registered motor carriers of passengers rendering special and charter operations.

Greyhound Lines, Inc., Greyhound Canada Transportation Corp. and subsidiaries (together "Greyhound"). Greyhound Lines, Inc., is headquartered at 15110 North Dallas Parkway, Dallas, TX 75248. Greyhound is the only national provider of scheduled intercity bus transportation services in the United States and Canada. It serves approximately 2,400 locations, of which approximately 100 are company-operated bus terminals, approximately 1,500 are agency-operated terminals and sales agencies and the remainder are flag stops. Greyhound provides approximately 12,700 departures daily and carries approximately 24 million passengers annually with a fleet of nearly 2,500 buses. Greyhound employs approximately 11,400 workers, consisting of approximately 4,400 drivers, 4,100 terminal employees and information agents, 900 mechanics and 2,000 management and administrative staff. About half of Greyhound's employees are represented by collective bargaining agreements. Greyhound has agreements with a number of unions; however, the largest agreement is with the Amalgamated Transit Union, Local 1700. The agreement was due to expire January 31, 2007, but has been extended by agreement of the parties to April 15, 2007, to enable the members of the local to vote on whether to accept Greyhound's contract proposal. In addition to the scheduled intercity bus transportation, Greyhound provides package express services, special and charter operations and food services. Greyhound Lines, Inc. and Greyhound Canada Transportation Corp. are registered motor carriers rendering scheduled inter-city bus transportation.

Greyhound has eight affiliates in the United States rendering scheduled intercity, special and charter bus transportation: Americanos U.S.A., L.L.C., serving Texas and the Southwest; Carolina Coach Company, serving primarily the Carolinas; Crucero U.S.A., L.L.C., serving Arizona and California; Hotard Coaches, Inc., and its sister company, Mississippi Coast Limousine, Inc., d/b/a Coastliner, providing special and charter bus transportation primarily in Louisiana and Mississippi; Texas, New Mexico and Oklahoma Coaches, Inc., serving the Southwest; Valley Transit Company, serving Texas along the Mexican border; and Vermont Transit Co., Inc., serving New England.

Under the terms of their Acquisition Agreement, FirstGroup has agreed to acquire Laidlaw by way of a merger of Fern Acquisition Vehicle Corporation (a newly incorporated Delaware corporation and a wholly-owned subsidiary of FirstGroup) with and into Laidlaw (as a result of which each issued and outstanding share of common stock of Laidlaw will be converted into a right to receive \$35.25 in cash). On completion of the Acquisition, Laidlaw will become a wholly-owned subsidiary of FirstGroup and, as in the past, will continue to conduct operations through its subsidiaries, including Laidlaw Transit, Inc., d/b/a Laidlaw Education Services, Laidlaw Transit Services, Inc., Greyhound Lines, Inc., and Greyhound Canada Transportation

Corp.

Applicant has submitted information, as required by 49 C.F.R. 1182.2(a)(7), to demonstrate that the proposed acquisition by FirstGroup of Laidlaw is consistent with the public interest. Applicant states that the transaction will attain substantial operational and efficiency advantages, accruing to the benefit of significant segments of the traveling public. Following the Acquisition, overlapping school bus and transit operations will be reviewed and equipment stock, such as spare parts, will be assessed. In addition, after the Acquisition is completed, FirstGroup and Laidlaw should be able to achieve volume discounts on the purchase of equipment and fuel, negotiate lower insurance premiums and eliminate certain administrative and overhead costs. Applicant states that the savings that the acquisition will achieve will permit the operating companies to be more competitive in bidding for contracts for services which would otherwise be performed by school districts and municipal transit systems. As a result of lower costs and such increased competitiveness, FirstGroup will be able to provide improved and safer transportation services to students, to commuters and other fixed-route transit riders and to the mobility-challenged.

FirstGroup notes that it is a major intercity rail operator in the United Kingdom. It also operates intercity buses under contract to the leading national provider and plans to offer suggestions to Greyhound's management on means of improving revenue growth, including from longer term bookings and yield management. FirstGroup has successfully applied similar policies to its bus and rail operations in the United Kingdom, leading to increases in both ridership and revenue. Such revenue enhancement will inure to the benefit of Greyhound's passengers through improved service at attractive fares.

The acquisition of Laidlaw (including the repayment of Laidlaw's existing debt and the cash-out of Laidlaw's option holders) will be financed through both debt (new committed bank debt facilities in an aggregate amount of \$3.75 billion) and equity (equity issues of approximately £375 million). The equity issues include a placing of new ordinary shares on February 9, 2007, that was oversubscribed and raised approximately £217 million as well as a subsequent issue of approximately £160 million that is expected to take place shortly after the completion of the Acquisition. Both of the equity issues are supported by an equity bridge facility. FirstGroup declares that the increased total fixed charges are well within its means to pay. First Group's credit rating has not been lowered by any of the rating agencies, and First Group intends for its debt to remain at investment grade.

FirstGroup expects that all drivers, terminal personnel and mechanics currently working for Greyhound Lines, Inc. and Greyhound Canada Transportation Corp. will continue in their present positions, and no layoffs are contemplated as a consequence of the proposed transaction. In addition, Mr. Stephen Gorman, President and CEO of Greyhound Lines, Inc. and his management team are expected to remain at Greyhound Lines, Inc. following the completion of the Acquisition, which will help Greyhound to maintain its reputation for quality service at modest prices. To the extent that any of the combined company's operating personnel may be adversely affected, such employees will be accommodated in accordance with the existing

collective-bargaining agreements, which will be honored by FirstGroup. In fact, the Acquisition Agreement obliges FirstGroup to comply with all of Laidlaw's obligations under its existing collective bargaining agreements. Thus the acquisition of Laidlaw by FirstGroup will enhance the interests of the several carriers' employees.

Under 49 U.S.C. 14303(b), the Board must approve and authorize a transaction which it finds to be in the public interest, taking into consideration at least (1) the effect of the transaction on the adequacy of transportation to the public; (2) the total fixed charges that result; and (3) the interest of affected carrier employees.

On the basis of the Application, the Board finds that the proposed acquisition by FirstGroup of Laidlaw is consistent with the public interest and should be authorized. If any opposing comments are timely filed, this finding will be deemed vacated and, unless a final decision can be made on the record as developed, a procedural schedule may be adopted to reconsider the Application and comments. See, 49 C.F.R. 1182.6(c). If no opposing comments are filed by the expiration of the comment period, this decision will take effect automatically and will be the final Board action.

Board decisions and notices are available on its website, [www.stb.dot.gov](http://www.stb.dot.gov).

This decision will not significantly affect either the quality of the human environment or the conservation of energy resources.

*It is ordered:*

1. The proposed acquisition is approved and authorized, subject to the filing of opposing comments.
2. If timely filed comments are filed, the findings made in this decision will be deemed as having been vacated.
3. This decision will be effective on \_\_\_\_\_, 2007, unless timely opposing comments are filed.
4. A copy of this notice will be served on (1) the Chief, Licensing and Insurance Division, Federal Motor Carrier Safety Administration, U.S. Department of Transportation, 400 7<sup>th</sup> Street, SW, Washington, DC 20590; (2) the U.S. Department of Justice, Antitrust Division, 10<sup>th</sup> Street and Pennsylvania Avenue, NW, Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 400 7<sup>th</sup> Street, SW, Washington, DC 20590.

Decided: \_\_\_\_\_, 2007

By the Board, Chairman Nottingham, Vice Chairman Buttrey and Commissioner Mulvey.

Vernon A. Williams, Secretary